



Recent Trend in Africa-India Trade

Dr .Kalpana Agrawal

Abstract: This paper is conceptual paper which tried to fathom in to development of Africa's economy and its trade relationship with India. The paper basically reviewed literature on trade and investment and export and import transactions relations between India and Africa by analyzing period-wise report from 2001-2017. This paper also analyzed initiatives that was considered by policymakers in the two subcontinents to boost the trade relationship that may provide benefits to both Africa and India. Indo-African trade volume reached US\$ 53.3 billion in 2010-11 & US\$ 62 billion in 2011-12. It became US\$ 90 billion by 2015. It is to be noted that this volume was at a scant US\$ 3 billion in 2001, in 2015, India had emerged as Africa's fourth largest trade partner behind China, EU & USA whilst Africa emerged as India's sixth largest trading partner behind EU, China, UAE, USA & ASEAN. In 2017, Africa emerged as India's third-largest export destination. Africa-India bilateral trade can touch USD 150 billion in the next five years from the current 52 USD billion.

Key Words Africa, India, Bilateral Trade relations and FDI

I. INTRODUCTION

Africa seems at a turning point in its development trajectory. It was observed how policies adopted helped quickly the African continent to speed up growth and created prosperity for all. The two important development agendas which were signed in 2015 were: global 2030 Sustainable Development Goals (SDG), which focused to leave no one behind as countries develop, and the other one African Union's Agenda 2063, which led out a master plan for the Africa which they wanted in future. A decade away from the SDG endpoint, African countries continued to look for policy mixes to achieve these targets. But financing was a big challenge for implementing the two plans. To fit the Sustainable Development Goals Africa will need to raise an estimated eleven percent of GDP per year for the next ten years to bridge the financing gap.

And this turning point came after the eradication of communism, countries of the former Soviet Union mingled into the global economy with countries whose exports were agile and intensive in natural resources as African region is a third of the world's popular region famous and known for oil, gas, and mineral reserves and their burgeoning demand gave African Region monopoly. And moreover it was not bewildering that resource-rich economies in Sub Saharan Africa have used natural resources to amalgamate with the entire globe economy and this trend took speed with the emergence of China and India as major economic powerhouses.

India launched the Duty Free Tariff Preference Scheme for Least Developed Countries (LDCs) in Africa, this increased exports of cotton, cocoa, copper ore, and other commodities from LDCs in Africa to India. By 2013, twenty one LDCs from Africa were making use of the preference scheme to export raw materials to India. (Lucey, Schoeman, & Makokera, 2015, p. 5) India imports raw materials, refines them and exports them back to Africa as consumer goods specially refined petroleum and pharmaceutical products. Also lot of Indians are there in Africa which developed a good tie between the two countries .

Objectives of the study:

- 1.To study what brought change in African Economy.
- 2.To study export and import potential between India and Africa.

Table 1 Showing Export and Import trade partners of Sub Saharan Africa

TOP TRADING PARTNERS OF SSA					
TOP COUNTRIES FROM WHICH SSA IMPORTS			TOP COUNTRIES FROM WHICH SSA EXPORTS		
COUNTRIES	RANK(Y2016)				
CHINA	1		1	CHINA	1
INDIA		2	7	INDIA	2
GERMANY		3	2	UNITED STATES	3
UNITED STATES		4	3	UNITED KINGDOM	5
FRANCE		5	4	GERMANY	6

II. REVIEW OF LITERATURE

India and Africa share same history of Western exploitation

The idea of a shared historical experience marked by Western exploitation, is an important factor in the relationship. India as a previous British colony shares a history of anti-colonial struggle with Africa. It was also the first country to take the issue of racial discrimination in South Africa to the United Nations. Over the past fifty years (1963-2013) Africa paid attention in toto on the decolonization, the struggle against apartheid a former social system in South Africa in which black people and people from other racial groups did not have the same political and economic rights as white people and were forced to live apart from each other and attainment of political independence for the continent. India well recognised the diversity within the African continent and in that spirit, India's current engagement with Africa, is at three levels -bilateral, regional, and pan-African. The arresting growth in bilateral trade has seen India emerged as the fourth-largest destination for African exports after the European Union, China, and the United States. Similarly, the growing importance of Africa for India's exports is reflected in the fact that, in 2017, Africa emerged as India's third-largest export destination. The composition of trade differs greatly between the two regions, however. Africa's exports to India remain essentially concentrated in crude oil and primary commodities, while India's to Africa are more diversified and include more manufactured and technological-content products.

A key feature of the growth in trade has been the expansion of South-South trade and the strengthening trade relations between India and Africa, with trade growing seven-fold from US\$7.2 billion in 2001 to US\$49.6 billion in 2016, supported by the public and private sectors in both regions. At this pace, bilateral trade between India and Africa could reach US\$117 billion by 2021, driven primarily by improved economic ties and growing business opportunities. India's exports to SSA are more diverse in comparison to its imports. India exports consumer goods whose production is relatively human-capital intensive, where as its imports from Africa are chiefly natural resource intensive like crude oil, stones, metals and agricultural goods. Much of India's trade is limited to a few countries like Nigeria, Kenya, South Africa, and Tanzania. The recent diplomatic initiatives by the Indian Government such as Focus Africa and the triennial India-

Economic relations amongst developing countries can only be firm and deep rooted if they are based on mutual benefit. Relations between middle-income Africa, lower middle-income India have not been stable but quite bouffant. Earlier there was the impression of Africa as a low-income region trades mostly with high-income economies in Europe and North America has changed. Africa should now be seen as a mainly middle-income region with ever-stronger economic ties with middle-income economies in Asia and other parts of the world. In the last fifteen years, developed economies have been gradually displaced at the top by China and India. India's trade with African Region is still just a fraction of that of China, but it has showcased steady growth in the last decade.

The beginning of 21st century saw the Indian Government making conscious efforts to improve economic relations with countries in Africa. In 2002, India launched the Focus Africa Program, engaging 24 African countries with the aim to increase business interactions, improve trade, disseminate information on

tenders and investments by Indian mission in Africa, and extend new credit lines. (Lucey, Schoeman, & Makokera, 2015, p. 6)

Africa's amalgamation into the global economy since the Second World War, What they had in common was that their economies had to become more efficient and for this countries integrated on the basis of their factors' abundance. India sources ninety percent of raw cashews from Africa, besides other agricultural commodities sourced have been pulses, spices, fruit and nuts, and most recent addition is mangoes from Malawi. Primary commodities and natural resources account for around 75 percent of Africa's total exports to India. India's exports to Africa are dominated by refined petroleum and pharmaceutical products; over the last five years, these two products have accounted for about forty percent of total exports in to African Market.

Among developing regions, for example, East Asian amalgamated into world markets was led by labor-intensive exports, as it had a third of the world's labor force. This paper tried to review whether India's increasing economic imprint in Sub Saharan Africa is aiding development efforts of the countries in the continent (Gill and Karakulah, 2018,). India-Africa bilateral partnership is augmented by India's ascendancy as the fastest growing major economy, as well as Africa's new economic dynamism exhibited by some of the sub-Saharan economies which are among the top ten quickest growing economies. The trade data below show that since 2010, there has been rapid growth in the economic relationship between SubSouth Africa and India in many areas including trade and investment. IMF had predicted 5.5 % growth of Sub-Saharan Africa in 2014 and 2015 as it has been one of the fastest growing regions in the world and will further accelerate. Its average GDP growth of 5.2 percent uniformly surpassed that of the rest of the world. (Regional Economic Outlook:Sub-Saharan Africa, International Monetary Fund. April 2014).

Trade between Africa and India has increased more than eight-fold from US\$7.2 billion in 2001 to US\$59.9 billion in 2017, making India Africa's fourth-largest national trading partner, accounting for more than 6.4 percent of total African trade in 2017, up from 2.7 percent in 2001. Trade with Africa now accounts for just over 8 percent of India's total trade.

Table 2
India's Major Exports to Africa by Sector (% share in India's total exports)

Items	2001	2006	2011	2017
India's Total Exports to Africa	100	100	100	100
Medicinal and pharmaceutical products	9	7.8	9	13
Road vehicles	6.9	8.8	9.2	10.5
Petroleum, petroleum products and related materials	0.1	25	22.2	15.3
Cereals and cereal preparations	3.9	5.7	3.2	7.8
Textile yarn and related products	24.1	9.1	8.2	6.4

Specialized machinery	2.7	2.9	3	3.4
Iron and steel	6.6	6.3	4.7	3.1
Electrical machinery, apparatus and appliances, n.e.s.	2.5	2.2	3.3	3
Manufactures of metal, n.e.s.*	6	3.9	3.8	2.7
Organic chemicals	1.6	1.7	1.7	2.7
Other industrial machinery and parts	2.4	2.8	2.3	2.7
Articles of apparel & clothing accessories	3.6	1.4	1.9	2.6
Miscellaneous manufactured articles, n.e.s.	3.6	2	1.9	2.1
Meat and meat preparations	2.6	1.4	2.1	2
Non-metallic mineral manufactures, n.e.s.	1.8	1.1	1.2	1.7
Sugar, sugar preparations and honey	1.1	0.5	2.7	2.3
Chemical materials and products, n.e.s.	0.9	1.1	1.1	1.6
Plastics in primary forms	1	1.3	1.2	1.6
Paper and paper manufactures	1.4	1.2	1	1.3

Other Transport Equipments	0.1	1.8	0.4	1.3
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Source: Afreximbank research (2018); Exim India research (2018); UNCTADstat.

Table 3

India's Major Imports from Africa by Sector (% share in India's total imports)

	2001	2006	2011	2017
India's Total Imports from Africa	100	100	100	100
Gold, non-monetary (excluding gold ores & concentrates)	13.9	6.9	10.6	14.9
Petroleum, petroleum products and related materials	34.3	67.2	68.7	41.7
Coal, coke and briquettes	2.5	1	2.9	10
Non-metallic mineral manufactures, n.e.s.	1.2	0.5	0.4	7.5
Gas, natural and manufactured	0.2	1.1	1.9	6
Vegetables and fruits	4	2.6	3	4.3
Inorganic chemicals	14.3	7.2	3.8	3.2
Metalliferous ores and metal scrap	14.2	3.3	2.3	3.9
Non-ferrous metals	1.2	1	0.7	2.3
Crude fertilizers other than division 56, and crude minerals	1.3	1.2	1	1
Textiles fibres and their wastes	4.2	0.6	0.3	0.9
Pulp and waste paper	0.5	0.3	0.1	0.8

Cork and wood	2.4	1	0.6	0.6
Coffee, tea, cocoa, spices, and manu- factures thereof	0.3	0.2	0.3	0.5
Power generating machinery and equipment	0.1	0.1	0.1	0.4
Iron and steel	0.6	1.3	0.2	0.3
Oil seeds and oleaginous fruits	0	0.1	0	0.2
Electrical machinery, apparatus and appliances, n.e.s.	0.4	0.1	0.1	0.2
Organic chemicals	0.6	0.4	0.2	0.2
Crude animal and vegetable materials, n.e.s.	0.3	0.8	0.1	0.1

Source: Afreximbank research (2018); Exim India research (2018); UNCTADstat.

From the above import table we can see Africa's natural resources' dominance is shown in the import component of India from the region. The share of petroleum (mostly crude) in India's imports from Africa increased from around one-third in 2001 to over two thirds in 2011, which then fell due to the fall in oil prices (Table 2.2). Nigeria and Angola are the major sources of petroleum, supplying 61.6 percent and 20.3 percent, respectively, of India's total imports of the product from Africa in 2017. The share of gold, which is the second-largest import from Africa, remained at the peak. Whereas India depended solely on South Africa for its gold imports in 2001, by 2017, the share of South Africa fell to 22.8 percent, with Ghana (48.4 percent) and Tanzania (12.3ent) emerging as new major exporters of gold to India. While the share of these two commodities has remained high since 2001, there was a plunge in the shares of inorganic chemicals and of metalliferous ores and metal scrap, which together accounted for around 7.1 percent of India's imports from Africa in 2017, down from over 28.5 percent in 2001. The period from 2001 to 2017 also showed a hike in the share of commodities such as non-metallic manufactures, coal, coke and briquettes; and natural and manufactured gas which India imports. More than ninty eight percent of India's imports of coal, coke and briquettes are supplied from Countries such as South Africa and Mozambique in 2017 and over eighty four percent of India's non-metallic demand were supplied by Botswana, Angola and South Africa jointly. During the same period, around 90 percent of natural and manufactured gas sourced from Africa came from Nigeria, Angola and Equatorial Guinea.

Bilateral trade between India and Africa has grown exponentially over the years, characterized by the rise of both India and Africa's corresponding trading activities. Table 2 and Table 3 shows the trend of bilateral trade from 2001 to 2017. Bilateral trade volumes have increased from just US\$7.2 billion in 2001 to peak at US\$78 billion in 2014, before falling to US\$59.9 billion in 2017. The decline in trade observed after 2014 was mainly due to the perennial effect of sinking commodity prices and the synchronous slowdown in global economic activity after the end of the commodity super-cycle in mid-2014. Despite these developments, bilateral trade has recorded an average compound annual growth rate (CAGR) of 14.2 percent over the period, with India-Africa trade accounting for 8 percent of India's total trade and 6.4 percent of Africa's in 2017, against 7.6 percent and 2.7 percent, respectively, in 2001 (Afreximbank and Exim India, Cairo 2018).

The arresting growth in trade between Africa and India stems from a mix of factors, like growing stock of foreign direct investment undertaken by African and Indian corporate entities; and strong economic and political ties and most notably "Focus Africa" launched by the government of India. Other key drovers include the government of India's Duty-Free Tariffs Preference Scheme for Least Developed Countries and

the strengthening cooperation between Afreximbank and Exim India. The cooperation between Afreximbank and Exim India enabled the two banks to leverage their partnerships and facilitated to promote greater trade and investment between Africa and India through risk mitigation, project and trade finance, and advisory services and capacity building. In particular, the staff exchange programme initiated by both institutions has introduced staff to innovate products and facilities developed by each to promote trade and investment between the two regions. (Afreximbank and Exim India, Cairo 2018).

Over the last decade interactions with all the regions of Africa have increased, led mainly by Northern and Southern Africa.

Table 4

India's Exports to Northern Africa by Country

Country	India's Exports (US\$ million)		Share in 2017 (%)	CAGR (2001-17) (%)
	2001	2017		
Egypt	384.8	2241.7	46.1	11.6
Sudan	109.3	810.1	16.6	13.3
Morocco	57.2	499	10.3	14.5
Tunisia	42.4	288.1	5.9	12.7
Algeria	32.2	913.2	18.8	23.2
Libya	8.3	114.7	2.4	17.8
Northern Africa	634.2	4866.7	100	13.6

Source: Afreximbank research (2018); Exim India research (2018); UNCTADstat.

The topmost exports to Northern Africa were textile yarn and related products, which accounted for 11.2 percent of the country's total exports to the African region in 2017, and road vehicles (10.6 percent)—these goods were exported mainly to Egypt, Algeria, Tunisia, Morocco and Sudan; meat and meat preparations (7.6 percent), also were mainly exported to Egypt and Algeria; petroleum, petroleum products (6.9percent), majorly exported to Egypt and Morocco; medicinal and pharmaceutical products (5.7 percent), mainly to Egypt,Sudan, Algeria and Morocco; and organic chemicals (4.5 percent), to Egypt, Algeria,Morocco and Tunisia (Table).Among these, the products which observed a rise in export share during 2001 and 2017 included road vehicles (6.6 percent to 10.6 percent),followed by petroleum, petroleum products(0.1 percent to 6.9 percent), medicinal and pharmaceutical products (3.2 percent to 5.7percent), and organic chemicals (1.7 percent to 4.5 percent). In contrast, the contribution of textile yarn and related products in exports fell from 20.8 percent to 11.2 percent.

Table 5

India's Imports from Northern Africa by Country

Country	India's Imports (US\$ million)		Share in 2017 (%)	CAGR (2001-17) (%)
	2001	2017		
Egypt	198.8	1121.8	32.7	11.4
Morocco	305.1	774.1	22.6	6
Sudan	23	353.3	10.3	18.6
Tunisia	110.6	117.3	3.4	0.4
Algeria	11.8	1035.5	30.2	32.3
Libya	42.8	26.2	0.8	-3
Northern Africa	692.1	3428.3	100	10.5

Source: Afreximbank research (2018); Exim India research (2018); UNCTADstat.

The top products imported by India primarily from Algeria and Egypt in Northern African region is shown in the Table 5. include petroleum, petroleum products and related materials, which accounted for 53.6 percent of India's total imports from the region in 2017. Other than this product inorganic chemicals imported were (18.1 percent), which was sourced majorly from Morocco and Tunisia; and crude fertilizers other than division 56 and crude minerals (8.1 percent), were mainly sourced from Morocco and Egypt.

Table 6

India's Major Exports to Southern Africa (% share)

Southern Africa	2001	2006	2011	2017
Petroleum, petroleum products and related materials	1.5	28.2	33.2	21.7

Medicinal and pharmaceutical products	4.9	4.5	7.9	15
Organic chemicals	3.2	3.5	2.7	3.6
Road vehicles	3.7	16.3	16.5	20.5
Non metallic mineral manufactures, n.e.s.	2.7	2.2	2.5	3.2
Articles of apparel & clothing accessories	9.7	2.6	2.3	3.1
Cereals and cereal preparations	6.1	5.1	1.8	3
Textile yarn and related products	13.5	4.1	3.1	2.8
Manufactures of metal, n.e.s.	6	3	3.7	2.6
Specialised machinery	2.2	1.8	1.9	3
Electrical machinery, apparatus and appliances, n.e.s.	3.2	2.2	2	2
Other industrial machinery and parts	2.9	2	1.8	1.9
Iron and steel	5.4	7.9	2.1	1.6
Essential oils for perfume materials & cleaning preparations	0.8	0.5	0.7	1.3
Miscellaneous manufactured articles, n.e.s.	5.1	2	1.4	1.1
Chemical materials and products, n.e.s.	1.5	0.9	0.9	1.1
Plastics in non-primary forms	0.7	0.7	1.5	1.2
Dyeing, tanning and colouring materials	1.9	0.6	0.7	1.1

Rubber manufactures, n.e.s.	2	1.1	0.9	1
Coffee, tea, cocoa, spices, and manufactures thereof	1.9	0.6	0.9	0.8
Petroleum, petroleum products and related materials	1.5	28.2	33.2	21.7

Source: Afreximbank research (2018); Exim India research (2018); UNCTADstat.

From the above table it can be deduced that India's major exports to Southern Africa in 2017 included petroleum, petroleum products and related materials, which accounted for 21.7 percent, road vehicles (20.5 percent), which were majorly exported to South Africa; and medicinal and pharmaceutical products (15.0 percent), chiefly exported to South Africa, Botswana and Swaziland (Table 6). The products that recorded a large upswing in trade between 2001 and 2017 were petroleum, petroleum products and related materials (1.5 percent to 21.7 percent), followed by road vehicles (3.7 percent to 20.5 percent), and medicinal and pharmaceutical products (4.9 percent to 15.0 percent). In contrariety, the slice of textile yarn and related products dropped from 13.5 percent to 2.8 percent.

Table 7

India's Major Imports from Southern Africa (% share)

Southern Africa	2001	2006	2011	2017
Coal, coke and briquettes	9.8	6.9	17	34
Gold, non-monetary (excluding gold ores and concentrates)	54.7	48.9	64.3	16.5
Metalliferous ores and metal scrap	3.9	7.5	5.7	10.2
Non metallic mineral manufactures, n.e.s.	0.2	1.8	1.6	23.9
Pulp and waste paper	2	2.2	0.8	3.5
Power generating machinery and equipment	0.4	0.6	0.5	1.8
Non-ferrous metals	4.2	4.3	1.8	1.7
Iron and steel	2.4	5.3	1.3	1.4
Inorganic chemicals	11.3	12	2.6	1.3
Petroleum, petroleum products and related materials	0.4	0.8	0.3	1.6
Organic chemicals	1.6	1.8	0.8	0.7
Cork and wood	0.4	0	0	0.4
Vegetables and fruits	0	0.1	0.1	0.4
Other industrial machinery and parts	0.8	0.6	0.4	0.2
Dyeing, tanning and colouring materials	0.1	0.4	0.1	0.2

Crude fertilizers other than division 56, and crude minerals	0.9	0.3	0.2	0.3
Electrical machinery, apparatus and appliances, n.e.s.	1.3	0.3	0.1	0.2
Professional and scientific instruments, n.e.s.	0.1	0.2	0.1	0.2
Road vehicles	0.2	0.2	0.2	0.2
Textiles fibres and their wastes	0.6	0.4	0.3	0.1

Source: Afreximbank research (2018); Exim India research (2018); UNCTADstat.

From the above table it can be deduced that the top products imported by India from Southern Africa in 2017 include coal, coke and briquettes, which registered for thirty four percent of India's total imports from the region, mainly from South Africa. After the above products, non-metallic mineral manufactures (23.9 percent), were mainly imported from Botswana and South Africa; gold (16.5 percent) chiefly from South Africa; and metalliferous ores and metal scrap (10.2 percent), were majorly sourced from South Africa. While an increase can be observed in the chunk of import of coal, coke and briquettes (9.8 percent to 34 percent), of non-metallic mineral manufactures (0.2 percent to 23.9 percent) and of metalliferous ores and metal scrap (3.9 percent to 10.2 percent) where as the share of imports of gold has reduced to one third over the period (54.7 percent to 16.5percent).

Table 8

India's Trade with Southern Africa by Country

Country	India's Total Trade (US\$ million)		Share in 2017 (%)	CAGR (2001-17) (%)
	2001	2017		
South Africa	1371.8	9987.1	84.2	13.2
Namibia	6.6	141.1	1.2	21.1
Lesotho	0.1	72.2	0.6	51.1
Botswana	5.5	1621.1	13.7	42.6
Swaziland	1	44.6	0.4	26.5
Southern Africa	1385	11866.1	100	14.4

Source: Afreximbank research (2018); Exim India research (2018); UNCTADstat.

The above table shows that the potential for expanding trade between Africa and India is significant, with a number of African products exhibiting high export potential to India. Likewise, an examination of products with the greatest export potential to Africa shows that India could sharply raise its exports to Africa. According to projections, Africa-India trade could double by 2021, especially if appropriate steps are taken by sovereign and corporate entities to reap the full benefits of growth and of the potential offered by the two trading partners.

Motor Vehicles

In 2017 India's exports of motor vehicles and parts products to Africa were valued at around US\$2.9 billion, it registered about 18.5 percent of India's global motor vehicles and parts exports in 2017. India's exports have been relatively thick with South Africa, Algeria, Egypt, Nigeria and Tunisia amounting around ninety percent of these exports from India to Africa. Fifty three percent of these exports to Africa that year were to South Africa alone. Relatively automotive industries have big contribution in Africa's GDP so motor vehicles and parts still hold tremendous export potential for India in Africa, estimated at US\$3.7 billion. In the African region Eastern Africa was found having greatest export potential which was estimated at US\$1.2 billion, followed by Western Africa which had US\$1.1 billion export potential. India should cash upon its competitiveness of its automotive industry to increase its exports and market share in Africa. India's exports of machinery to Africa were valued at around US\$2.3 billion in 2017 and constituted about 14 percent of India's global machinery exports in 2017. India's exports are relatively diversified with countries in Western Africa, Southern Africa, Eastern Africa and Northern Africa all among its most important export destinations. The leading export markets included Nigeria, Kenya, South Africa, Egypt and Tanzania, which collectively accounted for around fifty six percent of India's machinery exports to Africa. The export potential for machinery products to Africa is estimated at US\$2.9 billion. The region with the greatest export potential was Eastern Africa was estimated at US\$1.1 billion, followed by Western Africa estimated at US\$580 million. Northern and Southern Africa—third and fourth on export potential—are almost on par at US\$467 million and US\$448 million, respectively (ITC Trade Map, ITC Export Potential Map, Afreximbank calculations, Exim India calculations.3.3).

Nuts export from Africa to India

Nuts have the greatest export potential followed by ferrous metals, wood and vegetable materials, and pulses. Also industrial products and manufactured goods such as fertilizers, chemicals, plastics and leather products have good potential in India, thus has been the single most important market for Africa's cashew exports, Africa's exports of cashew nuts, to India were valued at around US\$1 billion in 2017 around 75 percent of Africa's total cashew exports, and in this region Guinea-Bissau and Côte d'Ivoire register almost fifty percent of Africa's exports to India, other important supplier markets have been Benin, Ghana, Tanzania, Nigeria, Gambia and Mozambique. Africa's total export potential for nuts to India is estimated at US\$2.5 billion. The region with greatest export potential is Western Africa, followed by Eastern Africa and Southern Africa.

Pharma's Import By Africa from India

Pharmaceutical products' exports from India to Africa were valued at around US\$2.8 billion in 2017, just as Motor Vehicles India's exports of these products to Africa have a diversified market, because of demographic factors and the size of the health care sector, particularly in South Africa. In 2017, Maximum pharma exports from India were to South Africa and Nigeria with a combined share of thirty percent. The export potential for pharmaceutical products to Africa was estimated at US\$4.2 billion. The region with the greatest export potential was Eastern Africa which was estimated at US\$2.3 billion, followed by Southern Africa which was estimated at US\$637 million.

Pulses' Export from Africa to India

Eastern and Southern Africa were the two countries which largely supplied pulses to India. In 2017 Africa's exports of pulses to India were valued at around US\$330 million and it registered about five percent of India's total imports. Tanzania and Mozambique, supplied over sixty percent of Africa's exports to India. Other supplying markets were Ethiopia, Malawi, South Africa and Madagascar. The export potential for pulses to India was estimated at over US\$538 million, dominated by Eastern Africa which was estimated at US\$522 million.

Wood and Vegetable Export from Africa to India

The export potential for wood and vegetable products to India was estimated at over US\$750 million. However, this value may underrate Africa's full export potential, which could be buoyed up by exporting more processed or semi-processed wood, which has a greater value. Although the export potential was

quite evenly distributed across four regions but then too Southern Africa had greatest potential which was estimated at US\$291 followed by Central Africa estimated at US\$276 million.

The traditional pattern of trade was generally inclined towards developed economies, moved to a growing South-South trade relationship. And thus trade and investment rapidly amplified relationship between India and Africa, which was earlier thin as domestic policies were largely confined in releasing the foreign exchange necessary for domestic companies to invest abroad.

India's Trade with Eastern Africa

Kenya was India's largest export destinations in Eastern Africa registered 21.4 percent of its exports to the region in 2017, then to Tanzania, Mauritius, Ethiopia and Mozambique, which jointly accounted for 69.7 percent of its exports to the region in 2017. India's growth rate of exports to this region was outstanding, other export destination in this eastern region were Somalia, Mozambique, Rwanda, and Burundi recording a CAGR of more than twenty percent. Exports to other countries such as Madagascar, Tanzania, Zambia, Djibouti and Zimbabwe, also registered remarkable growth during 2001-17 as shown below in Table 9.

India's total trade with Eastern African countries has strengthened, increasing from a meagre US\$0.9 billion in 2001 to US\$11.6 billion in 2017, peaking at US\$16.3 billion in 2014 and marking a CAGR of 17 percent. India's growing exports to the region expanded from US\$0.7 billion in 2001 to US\$8.2 billion in 2017. Eastern African exports to India also grew, reached to US\$3.4 billion in 2017 from US\$0.2 billion in 2001. India was found to have a trade surplus with Eastern Africa throughout the period, with the surplus increasing from US\$0.5 billion in 2001 to US\$4.8 billion in 2017, peaking at US\$11.6 billion in 2013.

Export

In 2017 India's major exports to Eastern Africa majorly were petroleum, petroleum products and related materials, registered for 25.6 percent of India's total exports to the region were chiefly to Kenya, Tanzania, Mozambique and Mauritius; 15.2 percent of medicinal and pharmaceutical products were exported majorly to Kenya, Tanzania, Uganda and Ethiopia; 5.8 percent of road vehicles were mainly exported to Kenya, Ethiopia, Tanzania and Uganda. The changes in shares of these products in India's exports were noteworthy. From the table a remarkable increase can be observed in the share of petroleum and related products (from 0.8 percent in 2001 to 25.6 percent in 2017), also in case of medicinal and pharmaceutical products (from 9.2 percent in 2001 to 15.2 percent in 2017), where as the share of road vehicles declined from 6.6 percent in 2001 to 5.8 percent in 2017. Similarly a steep plunge was observed in the shares of exports of textile yarn and related products as well as iron and steel (Table 9).

Table 9

India's Major Exports to Eastern Africa (% share)

ITEMS	2001	2006	2011	2017
Eastern Africa	100	100	100	100
Petroleum, petroleum products and related materials	0.8	35.4	36.6	25.6
Road vehicles	6.6	3.8	4.1	5.8
Medicinal and pharmaceutical products	9.2	9.4	9.1	15.2
Cereals and cereal preparations	2	2.8	2	5.3

Textile yarn and related products	24	7	4.1	4.4
Specialised machinery	2.9	3.5	4	3.4
Sugar, sugar preparations and honey	1	1.2	4.8	3.2
Electrical machinery, apparatus and appliances, n.e.s.	2.3	2.6	3.7	2.8
Iron and steel	13.7	6.8	5.6	4.3
Manufactures of metal, n.e.s.	4	2.4	3.6	2.5
Articles of apparel & clothing accessories	2.2	1.1	1.6	2.4
Other industrial machinery and parts	2.7	2.4	2.4	2.3
Miscellaneous manufactured articles, n.e.s.	4	2.3	1.9	2.3
Paper and paper manufactures	1.6	1.3	1.2	1.8
Chemical materials and products, n.e.s.	1	0.9	0.9	1.7
Non metallic mineral manufactures, n.e.s.	2.7	1.4	0.8	1.5
Footwear	0.1	0.1	0.1	1.5
Organic chemicals	1.1	0.8	0.7	1.4
Rubber manufactures, n.e.s.	3.4	2.4	1.4	1.3
Plastics in primary forms	0.9	1.2	1	1.2

Table 10

India's Major Imports from Eastern Africa (% share)

ITEMS	2001	2006	2011	2017
Eastern Africa	100	100	100	100

Gold, non-monetary (excl. gold ores & concentrates)	0	2.6	0	19.5
Coal, coke and briquettes	0.6	0	2	30.8
Non-ferrous metals	0.5	6.2	7.2	18.8
Vegetables and fruits	39.2	25.1	39.7	10.7
Non metallic mineral manufactures, n.e.s.	19.2	6.7	6.5	5.5
Coffee, tea, cocoa, spices, and manufactures thereof	3.4	4.6	8.7	4.5
Metalliferous ores and metal scrap	1.8	30.3	11.1	3.1
Petroleum, petroleum products and related materials	0	0.1	0.6	1.6
Cork and wood	0.4	1.2	2	1
Oil seeds and oleaginous fruits	0.2	0.7	0.1	0.7
Inorganic chemicals	2.7	5.4	4.9	0.6
Essential oils for perfume materials and cleaning preparations	0.1	0.2	0.2	0.5
Textiles fibres and their wastes	9.6	1.7	0.8	0.8
Leather, leather manufactures and dressed furskins	4.7	2.1	3.9	0.3
Electrical machinery, apparatus and appliances, n.e.s.	0	0.2	0.3	0.3
Crude fertilizers other than division 56, and crude minerals	6.9	4.2	2.6	0.3
Professional and scientific instruments, n.e.s.	0.1	0.2	0.4	0.2
Feedstuff for animals (excluding unmilled cereals)	0	0	0	0.1
Tobacco and tobacco manufactures	0.1	0.8	1.3	0.1

Other transport equipment	0	0.5	0.1	0.1
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India's top imports from Eastern Africa include coal, coke and briquettes, majorly from Mozambique; gold, chiefly from Tanzania; non-ferrous metals, mainly from Zambia and Madagascar; and vegetables, and fruits, which are sourced mainly from Tanzania, Mozambique, Kenya and Malawi. The shares in imports of these commodities have also varied quite a lot. While there have been large increases in shares of coal, coke and briquettes (0.6 percent in 2001 to 30.8 percent in 2017), gold (0 percent in 2001 to 19.5 percent in 2017), and non-ferrous metals (0.5 percent in 2001 to 18.8 percent in 2017), the shares of vegetables and fruits, non-metallic mineral manufactures, textile fibres and their wastes, crude fertilizers, and leather and its manufactures have tumbled over the period (Table 10).

India's Trade with Western Africa

The Western region accounts for twenty five percent of total GDP of Africa. Major mineral resources available in the region includes; gold, clay, cement, limestone, crude petroleum, bauxite, diamond, manganese, natural gas, aluminum, iron ore, steel, uranium etc. The macroeconomic performance of the western region has been impressive, with many West African economies registering high growth rates. However as countries like Nigeria and Liberia registered negative growth, in 2016, regional growth moderated, , outweighing the high growth achieved by countries like Guinea, Senegal, Cote D'Ivoire, and Sierra Leone. Regional growth was expected to jump 3.6% in 2018, and further to 4.1% in 2019 as per African Economic Outlook 2018, chiefly due to expected oil price recovery, increase in oil production in Nigeria and Ghana, and strong agricultural performance.

West African countries have initiated starting a business easier and less costly. If we talk about Benin, it has created a one-stop shop for investment, reduced minimum capital requirement, eliminated need to notarize company bylaws. Stamp duty has been removed in Gambia. Business trade license fees was weeded out by Liberia. Nigeria improved online government portals and has allowed electronic stamping of registration documents, and Senegal has reduced minimum capital requirement and Notary fees for company incorporation.

FDI

FDI from Africa in India accounted for Sixty billion to US\$73.3 billion, almost 23 per cent of the country's FDI stock in 2014 (UNECA/ CII 2018). Mauritius has been known as a major source of FDI for India, even it is above Singapore which was the top source of FDI in India in 2016-17. Mauritius has been a widely used canal for Indian inward and outward FDI because of advantageous tax conditions. South Africa, Seychelles, Swaziland and Morocco have been among the other largest African investors in India. Investments from South Africa have grown consistently, with Tiger Brands, Airports Company South Africa & Bidvest, SAB Miller, FirstRand Bank, Standard Bank, Old Mutual, Balela Leisure, Anglo-American, Sasol and Nandos Group Holdings having made investments in India. Morocco has invested in the production of phosphates in India, with Zuari Maroc Phosphore holding a 74 percent stake in the previously state-run Paradeep Phosphate Ltd (WT/CII 2013).

Research taken by the Observer Research Foundation observed that the growth of investment flows can be attributed to several developments in India and Africa. First, India was traditionally highly restrictive in releasing the foreign exchange necessary for Indian firms to invest abroad given capital scarcity and limited foreign exchange resources. However, economic reforms since the 1990s have eased these restrictions and, with the overall investment ceiling on outward Indian investment abolished in 2003, Indian companies now largely got relaxed to invest abroad, thus facilitated more investments in foreign countries.. In addition, India has signed bilateral investment agreements with 13 African countries like Morocco Democratic Republic of Congo; Djibouti; Egypt; Ethiopia; Ghana, Libya, Mauritius, Mozambique, Senegal; Seychelles, and Zimbabwe, Sudan.

How the relations can be boosted

The governments of India and of African countries, with their private sectors, in recent years have implemented initiatives to nurture and expand the India-Africa trade and investment relationship. These efforts have been welcomed by countries on both sides of the Indian Ocean as they increasingly seek to diversify export markets. Recently, the Indian Commerce Ministry formulated a comprehensive action plan to boost India's trade with Africa. The ministry announced that a series of engagements have been lined up in different parts of Africa to discuss ways to promote trade and investment between the two regions, and to prepare an action plan to boost exports and imports from Africa. For the last few years Indian private sector organizations have been very active in Africa, mobilizing government, institutional and private initiatives, forging stronger public-private partnerships and joint-venture initiatives between African and Indian firms. In particular the annual Confederation of Indian Industry-Exim Bank India-Africa Project Partnership Conclaves have developed into a platform for private business communities and government enterprises to find a credible access point for appropriate technologies and partners. The first conclave was held in 2005, and the latest (13th) conclave was held in March 2018. These conclaves have surfaced as the key event in building partnerships and enhancing the economic engagement between the two regions, especially private economic actors and all these have given shape to policy dialogues of the government of India, Exim Bank and industry. Increasingly, it is also shaping policy dialogue within Africa. A Duty-Free Tariff Preference (DFTP) scheme was launched by India in 2008, under which duty-free market access is afforded

Some countries in Asia including India have surfaced to become Africa's largest trading partners. Trends fostering Africa's trade with Asia are qualitatively different from its traditional North-South commerce involving the EU and the United States, in which trade flows were stimulated largely by preferential arrangements. The strengthening South-South complementarities between the two developing regions suggest that the current level of trade between Africa and Asia, including India, has the potential to grow further, with India's trade with Africa projected to reach US\$117 billion by 2021 (The Hindu Centre 2017).

Opportunity

There is an the opportunity for broader participation in global value chains, given that vertical complementarities along value chains between Africa and India are growing. For instance, among Africa's top 20 items traded with India, clear complementarities exist in the cotton-textile-garment value chain. Western African countries supply raw material like cotton to India, which supplies intermediate materials, fabrics to apparel producers in Mauritius, Nigeria, South Africa and other African countries. Yet new business case studies show that African producers could participate in global network trade in the apparel sector.

For most African countries, the economic structure has remained unchanged since independence and largely agrarian, with agriculture the mainstay of most economies in a world where the composition of trade has changed significantly, with industrial production and manufactured goods accounting for over 75 percent. African trade and economic growth are suffering from policies unable to address supply rigidities characterized by low productive capacities, poor transport and weak communications infrastructure, causing the continent to struggle to integrate effectively with global value chains (where trade is increasingly dominated by manufactured goods), thereby hurting trade relations between Africa and India. 4.6 Limited Market Information and Knowledge Limited knowledge of the markets at both ends contributes to poor identification of, and linkages with, counterpart entities for promoting trade and economic relations between India and Africa. Another impediment relates to limited access to buyers, especially in exporting services to African firms, due to cumbersome visa and permit processes. These processes are more stringent when setting up firms in some African countries—more so with information technology—oriented firms exploring partnership opportunities across the continent. The situation is not very different from the reverse angle, where cumbersome visa acquisition processes, in addition to stringent investment criteria, serve as major limitations for African entities intending to establish a business in India.

Due to strong economic growth in India and Africa during the last two decades has made outstanding inroads into poverty and seen a growing middle class. Sustained economic growth in the years ahead is likely to have a further positive impact on poverty reduction and consumer markets across both Africa

and India. GDP growth is projected to average 4.5 percent in Africa and 7.8 percent in India over the next five years (IMF WEO 2018).

III. CONCLUSION

Trade between India & Africa has grown exponentially during the past 15 years. If African region properly utilises the Duty Free Tariff Preference (DFTP) scheme to boost trade between the two regions, Africa-India bilateral trade can touch USD 150 billion in the next five years as import of almost all products from least developed countries (LDCs) to India attract lower or zero duties so DFTP can bring a remarkable change. Recently in 2019 a conclave had held in India where Indian Prime Minister had promised to Encourage Indian exporters to access the African countries, and for enhancing manufacturing exports to Africa and expanding Indian investments in Africa. Even B2B meetings were expected on five hundred projects during this conclave. India's development cooperation ranges from power projects and dams in Sudan and Rwanda to water treatment in Tanzania, sugar factories in Ethiopia and IT Parks in Mozambique and Swaziland. New Delhi has also built Presidential Palace in Ghana and National Assembly building in the Gambia, besides other numerous projects ranging from drinking water schemes to irrigation, solar electrification, power plants, transmission lines, cement plants, technology parks, railway infrastructure and many others in the continent.

Food security is also a common concern for India and Africa. India being the biggest producer of food grain and horticulture crop has helped the African continent develop its agriculture sector. Diplomats from both sides have sought greater cooperation in agriculture and agro-processing, which would have a great bearing on the food security situation in Africa and India.

The relationships between the India and Africa are old, and they have improved significantly over period of time. This agreement between African countries and India works for the benefit of countries involved and is incredible for improving local industries and economic aspects. And both African countries and India are ready to continue the commercial collaboration in the future as well and even developing certain agreements to improve each other's infrastructure and an import-export business.

In order to have a more meaningful diplomatic presence, India has decided to open 18 new Missions in Africa taking the total number to 47.

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